



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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AUDITOR-CONTROLLER

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TO: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley 
Auditor-Controller

SUBJECT: **DHS REVENUE GENERATING FEES**

The Board of Supervisors instructed the Auditor-Controller to review revenue-producing fees for the Department of Health Services (DHS) and to determine if they should be revised to recover the cost of providing services.

Most of DHS' total revenue is from non-fee based sources, such as the federal disproportionate Share Hospital Program and the State's realignment program. The Board of Supervisors is required to approve other DHS fees such as fees for medical services billed to patients and third party payers, Public Health fees, various fees associated with Emergency Medical Services, etc.

We found that DHS revises and obtains Board approval on fees charged for medical services to recover the cost of providing services annually. We did note that business license fees related to the Ambulance program were last revised in 1995. We worked with DHS to update these fees. DHS is working with the Ambulance companies regarding their contracts and fee schedules and will soon request Board approval of the fees.

It should be noted that third party payers such as Medi-Cal provide most of DHS revenues. Medi-Cal pays based on fixed contract rates and maximum allowances and not on the County's established fees. Board approved fees for medical services billed to patients are only a small portion of DHS' revenues.

Please call me if you have any questions.

JTM: MMO

c: David E. Janssen, Chief Administrative Officer
Violet Varona-Lukens, Executive Officer
Thomas L. Garthwaite, M.D., Director and Chief Medical Officer